

FILED

2014 APR -3 P 1:09

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION – DETROIT

In the matter of:
**U.S. BANKRUPTCY
ED, MICHIGAN-DETROIT**
CITY OF DETROIT, MICHIGAN

Case No. 13-53846-swr
Chapter 9
Hon. STEVEN W. RHODES

Debtor _____/

**OBJECTION TO CITY OF DETROIT'S DISCLOSURE STATEMENT
WITH RESPECT TO PLAN OF ADJUSTMENT [DOCKET 2709]**

FILED BY: Michael D. Shane

_____ Michael D. Shane _____ hereby states his OBJECTION TO:

CITY OF DETROIT'S DISCLOSURE STATEMENT WITH RESPECT TO PLAN OF
ADJUSTMENT [DOCKET 2709]

for the following reasons.

1. I am interested in the Bankruptcy of the City of Detroit because I am a long time resident and taxpayer of the City of Detroit, a customer of the Detroit Water and Sewerage Department (DWSD), and have friends and neighbors who are City workers and retirees.
2. I object to the above filing because:
 - I. The Disclosure Statement does not contain sufficient information or analysis of the financial state of the City of Detroit in a number of key areas necessary for more complete understanding of how the City got into the financial crisis and entered into bankruptcy. Without a fuller understanding of the causes of the City's crisis, it difficult to see how the best plan to exit bankruptcy and maintain fiscal solvency can be achieved.
 - II. The Disclosure Statement does not acknowledge the role that the home mortgage foreclosure disaster played in the destruction of the City's neighborhoods and tax base, and it does not examine the role that the banks played in creating the foreclosure crisis. Furthermore, it does not examine the fraud and deceit used by the banking industry in selling low quality but highly profitable subprime mortgages, packaging the mortgages into securities, and deceiving investors including the Detroit Pensions and the mortgage securities giants, Fannie Mae and Freddie Mac.
 - III. The Disclosure Statement does not discuss property tax chargebacks in any detail. The chargebacks are essentially uncollectible property taxes.

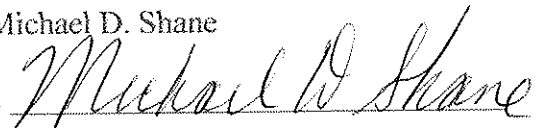
- a. The Disclosure Statement does not present any data that identifies the amount and proportion of chargebacks due to the failure of Wall Street banks, Fannie Mae and Freddie Mac to pay property taxes on properties that these entities foreclosed upon. In some recent years, the media has reported that banks are responsible for almost half of the chargebacks.
 - b. The Disclosure Statement does not identify the banks that failed to pay property taxes that they were obligated to pay over the past ten years.
 - c. The Disclosure Statement does not state which banks that failed to the property taxes are also holders of the City debt over the past ten years.
- IV. The Disclosure Statement does not examine the impact of the banking industry's self-serving and fraudulent manipulation of various financial indices, including the LIBOR and ISDAfix, on the City's debt and Pensions investments.
- V. The Disclosure Statement does not examine Wall Street fraud in Mortgage Backed Securities, Foreign Currency trading, physical commodities markets (electricity, aluminum warehousing, etc.), and other markets and investment products, and the impact of the fraud on the City's Pensions investments.
- VI. The Disclosure Statement does not examine the effect of the privatization of the Sanitation Department, the Health Department, and other City Departments on the viability of the pension funds and city workers' standard of living.
- VII. The Disclosure Statement does not address the fraud committed by Wall Street banks in the DWSD swaps that were terminated in 2011 and 2012 at a cost of about \$537 million. The identification of fraud would suggest a basis to "claw back" the termination fees, similar to the "claw back" in the Bernie Madoff bankruptcy trial where JPMorgan Chase was compelled to return ill-gotten gains to defrauded investors.
- VIII. The Disclosure Statement does not examine whether it is legal or proper to use \$537 million of the \$1.1 billion in bonds floated in 2011 and 2012 and designated for DWSD infrastructure improvements to terminate the DWSD swaps.
- IX. The Disclosure Statement does not identify the portion of unpaid DWSD bills attached to properties foreclosed by the banks. In Detroit, the DWSD bill is attached to the property and the responsibility of the property owner. This implies that the banks are responsible for DWSD bills. The Disclosure Statement does not indicate which banks fail to pay DWSD bills and also own Detroit's debt.
- X. The Disclosure Statement does not identify or breakdown the unpaid garbage collection fees on foreclosed homes, which are \$240 per year. A portion is likely owed by the Wall Street banks. This amount, plus penalties and fees, must be collected and could be used for blight removal.

- XI. The Disclosure Statement does not identify the multitude of tax abatements and waivers on commercial or corporate properties within the boundaries of the City of Detroit, which are, in essence, tax expenditures. Such tax expenditures must be examined in detail, treated like other tax expenditures and reduced or eliminated, as needed.
- XII. The Disclosure Statement does not discuss in any detail the legality of the Certificates of Participation and the probability that the COPs were engineered to get around state limits on local debt.
- XIII. The Disclosure Statement does not discuss in any detail the legality of securing swap payments with gaming proceeds.

I hereby certify that the statements made herein are true and correct under penalty of perjury and contempt of Court under the laws of the United States of America.

Wherefore I request the Court will deny the relief sought in said filing.

Name: Michael D. Shane

Signature: 

Address: 16815 Patton, Detroit, MI

Email: mshane999@sbcglobal.net

Dated: April 3, 2014